

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: _____

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

DECEMBER 2017 POST-EFFECTIVE OPERATING REPORT

DECEMBER 1, 2017 – DECEMBER 31, 2017
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: January 30, 2018

SCHEDULE OF DEBTORS

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed (“Commencement Date”)
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and Docket No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009	12/15/2016
Merit LLC.....	09-17331	12/14/2009	12/15/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company’s previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED
ENTITIES**

**BASIS OF PRESENTATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
DECEMBER 1, 2017 – DECEMBER 31, 2017**

The information and data included in this December 2017 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

Other items:

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
 - Cash posted as collateral for hedging activity; and
 - Cash held at third party real estate asset managers.

5. Restricted cash balances are comprised of the following items as of December 31, 2017:

(\$ in millions)	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
Reserves for Claims:							
Disputed unsecured claims ⁽¹⁾	\$ 1,603	\$ 421	\$ 0	\$ 108	\$ 2,132	\$ -	\$ 2,132
Distributions on Allowed Claims (not remitted)	4	0	0	1	5	-	5
Secured, Admin, Priority Claims and Other	57	18	2	10	88	-	88
Subtotal, Claims Reserves	1,664	439	2	119	2,224	-	2,224
Other	66	-	0	-	66	21	88
Total	\$ 1,730	\$ 439	\$ 2	\$ 119	\$ 2,291	\$ 21	\$ 2,312

Totals may not foot due to rounding.

(1) Represents the cash reserve for the principal amount of disputed unsecured claims subsequent to the fourteenth Plan Distribution on December 7, 2017.

Restricted cash balances herein do not include other cash balances retained for operating expenses, asset preservation and other commitments.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
December 1, 2017 - December 31, 2017

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Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

			Debtors			Debtor-Controlled	Total Debtors and	
		LBHI	LBSF	LCPI	Other	Entities	Debtor-Controlled	
						Total	Entities	
Beginning Free Cash and Investments (12/01/17)		\$ 1,548	\$ 86	\$ 55	\$ 134	\$ 1,823	\$ 128	\$ 1,951
Sources of Cash								
Commercial Real Estate		0	-	1	-	1	0	1
Loans (Corporate and Residential)		1	-	(0)	-	1	0	1
Private Equity / Principal Investing		1	-	0	-	1	9	10
Derivatives		-	37	-	-	37	-	37
Receipts from Affiliates	(a)	40	9	-	0	49	-	49
Other	(b)	17	2	0	0	19	0	19
Total Sources of Cash		59	48	1	1	108	9	118
Uses of Cash								
Non-Operating								
Commercial Real Estate		(0)	-	(0)	-	(0)	-	(0)
Private Equity / Principal Investing		(0)	-	-	-	(0)	-	(0)
Other		(0)	-	-	-	(0)	(14)	(14)
Operating Expenses	(c)							
Compensation and Benefits	(d)	(2)	-	-	-	(2)	(0)	(2)
Professional Fees		(11)	-	(0)	-	(11)	(0)	(11)
Other		(2)	(0)	(0)	(0)	(2)	(1)	(3)
Total Uses of Cash		(15)	(0)	(0)	(0)	(15)	(14)	(30)
Total Cash From Operations		43	48	1	1	93	(5)	88
Pre-Petition Inter-Company Receipts		2	0	34	-	37	0	37
Post-Petition Inter-Company Receipts		93	12	66	-	171	34	205
Total Inter-Company Transfers Receipts	(e)	95	12	101	-	208	34	242
Pre-Petition Inter-Company Disbursements		-	-	-	-	-	(37)	(37)
Post-Petition Inter-Company Disbursements		(33)	-	(29)	(108)	(171)	(34)	(205)
Total Inter-Company Transfers Disbursements	(e)	(33)	-	(29)	(108)	(171)	(71)	(242)
Plan Distributions	(f)	(1,872)	(791)	(98)	(41)	(2,801)	-	(2,801)
Receipts of Plan Distributions from Debtors	(g)	518	8	15	8	549	37	586
Payments to Creditors - Non-Controlled Affiliates		-	-	-	-	-	(0)	(0)
Payments to Creditors - Other		(0)	-	-	-	(0)	-	(0)
Total Payments to Creditors		(1,354)	(783)	(83)	(32)	(2,252)	37	(2,215)
Other		(1)	0	0	0	(1)	0	(1)
Reclass from/(to) Restricted Cash to Free Cash		(32)	753	(1)	32	753	(0)	753
Net changes in Free Cash and Investments		(1,282)	30	(12)	(107)	(1,371)	(5)	(1,376)
Ending Free Cash and Investments (12/31/17)		265	116	44	27	452	123	575
Beginning Restricted Cash (12/01/17)		1,699	1,192	2	151	3,044	21	3,065
Disputed unsecured claims		27	(736)	(0)	(30)	(739)	-	(739)
Distributions on Allowed Claims (not remitted)		1	0	0	-	1	-	1
Secured, Admin, Priority Claims and Other		3	(17)	1	(2)	(15)	-	(15)
Other		0	-	-	-	0	0	0
Net Changes in Restricted Cash		32	(753)	1	(32)	(753)	0	(753)
Ending Restricted Cash (12/31/17)		1,730	439	2	119	2,291	21	2,312
Beginning Total Cash and Investments (12/01/17)		3,246	1,278	57	285	4,867	149	5,016
Net changes in Free Cash and Investments		(1,282)	30	(12)	(107)	(1,371)	(5)	(1,376)
Net changes in Restricted Cash		32	(753)	1	(32)	(753)	0	(753)
Ending Total Cash and Investments (12/31/17)		\$ 1,996	\$ 555	\$ 46	\$ 146	\$ 2,743	\$ 144	\$ 2,887

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".
Totals may not foot due to rounding.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
December 1, 2017 - December 31, 2017

Unaudited (\$)

Notes:

(a) Receipts from Affiliates include approximately \$39 million that were deducted and withheld by LBHI from its fourteenth Plan Distribution. Pursuant to agreements with LBT, LBSF and LBCS, LBHI deducted and withheld approximately \$39 million from its fourteenth Plan Distribution ("Withheld Distributions") due from LBHI to LBT to offset amounts due to LBHI, LBSF and LBCS from LBT. The Withheld Distributions were then distributed to LBHI (\$30 million), LBSF (\$9 million), and LBCS (\$0.4 million) for inclusion in their respective fourteenth Plan Distributions.

(b) Other includes a receipt of \$1.6 million in connection with a settlement agreement among LBHI and individual current and former members ("Applicants") of the Official Committee of Unsecured Creditors ("Committee"). LBHI paid \$26 million to the Applicants in 2013 in accordance with a Bankruptcy Court order (refer to the June 2013 Post-Effective Operating Report [Docket No. 39083] for additional information) that was subsequently appealed. In connection with a settlement of the pending litigation, on January 3, 2018, the Applicants filed a notice of withdrawal of their pending applications for reimbursement [Docket No. 57357]. LBHI received an additional \$5.9 million related to the settlement agreement referenced above in January 2018.

(c) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.

(d) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).

(e) Inter-Company Receipts and Disbursements include (i) loans from LBCC to LBHI, LCPI and LBSF of \$54 million, \$35 million and \$12 million, respectively, secured by LBHI, LCPI and LBSF assets, (ii) a loan from LOTC to LBHI of \$4 million, secured by LBHI assets, (iii) loans from LBDP of \$1 million and LBFP of \$1 million to LCPI, secured by LCPI assets, (iv) partial repayments on intercompany balances, and (v) other administrative activities.

(f) Plan Distributions include distributions to holders of Allowed Claims and distributions related to Plan Adjustments from Participating Subsidiary Debtors (refer to Notice Regarding Fourteenth Distribution [Docket No. 57065] for additional information). These amounts also include Withheld Distributions from LBHI to LBT of \$39 million, as described above in footnote (a).

(g) Receipts of Plan Distributions from Debtors are distributions to Debtors and Debtor-Controlled Entities.